

Message Text

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INFO OCT-01 ISO-00 (ISO) R

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DRAFTED BY:AF/W:JKBISHIP

APPROVED BY:AF/W:JLLOUGHRAN

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R 201930Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY LOME

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FOLLOWING SENT ACTION SECSTATE FROM NOUAKCHOTT NOV 15.

QUOTE NOUAKCHOTT 1109.

E.O. 11652: N/A

TAGS: BGEN, BPRO, MR

SUBJ: LANG ENGINEERING - SUGAR REFINERY, MAURITANIA.

REF: NOUAKCHOTT 1058

SUMMARY: IN NOV 12 MEETING HERE, LANG PRESIDENT REASSURED GIRM HIS COMPANY CONSIDERED ITSELF COMMITTED TO ITS OBLIGATIONS UNDER CONSTRUCTION CONTRACT AND IN TURN WON AGREEMENT IN PRINCIPLE FOR PRICE INCREASES AND STRETCH OUT OF CONSTRUCTION PERIOD. GIRM ALSO LIKELY TO AWARD MANAGEMENT CONTRACT TO LANG.

1. LANG PRESIDENT ROBERT TEMPLE PAID BRIEF VISIT TO NOUAKCHOTT EVENING NOV 12 FOR DISCUSSIONS WITH EMBASSY AND GIRM. IN FOUR HOUR MEETING WITH MINISTER INDUSTRIALIZATION SIDI AND STAFF, WHICH AMBASSADOR ATTENDED AT EXPRESS REQUEST OF MINISTER, EXCHANGES CONFIRMED BOTH LANG'S CONTINUED INTEREST IN PROJECT AND GIRM'S CONFIDENCE IN LANG. (BOTH HAD BECOME INCREASINGLY SHAKY PROPOSITIONS IN RECENT WEEKS, AT LEAST AS FAR AS GIRM WAS CONCERNED). MINISTER AGREED ENTERTAIN REQUEST FOR PRICE INCREASES ON NON-US SUPPLIED EQUIPMENT AND CERTAIN SERVICES. MINISTER ALSO SAID HE WOULD RELUCTANTLY AGREE TO EXTENSION OF CONTRACT PERIOD

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IF FULLY JUSTIFIED. HE FIRMLY REJECTED TEMPLE'S REQUEST TO PUT

PART OF CONTRACT ON COST-PLUS BASIS, DESPITE ARGUMENT THAT NEW FIXED PRICE QUOTATION WOULD BE DRASTICALLY HIGHER THAN THAT IN CURRENT CONTRACT.

2. SIDI THEN TOOK UP LANG COMPLAUNTS ABOUT GIRM'S ADMINISTRATIVE DELAYS IN FULFILLING ITS CONTRACTUAL OBLIGATIONS. MINISTER REPLIED THAT COMPANY HAD HAD AMPLE TIME IN COURSE ORIGINAL NEGOTIATIONS OF CONTRACT TO BECOME FAMILIAR WITH MAURITANIA'S "YOUNG, INEXPERIENCED, AND SOMETIMES PICJYSNE ADMINISTRATION". REPEATED HIS PROMISE TO TEMPLE, MADE AT MAY 4 SIGNING CEREMONY, THAT HE WAS ALWAYS PERSONALLY AVAILABLE TO REMOVE ROADBLOCKS AS THEY APPEARED.

3. TEMPLE LEFT SATISFIED THAT PROBLEM OF CONVERTIBILITY OF CURRENCY FOR "NON-US USES" HAD BEEN SETTLED. MINISTER REAFFIRMED HE WOULD ELIMINATE RELEVANT PORTION OF CONTRACT WHICH HAD CREATED MISUNDERSTANDINGS. COMMENTED THIS BUT ONE EXAMPLE OF LACK OF EFFECTIVE COMMUNICAZION BETWEEN GIRM AND LANG, SINCE HE, SIDI BELIEVED HEHAD CLARIFIED HIS POSITION ON THIS ISSUE TO LANG REP LAST SUMMER.

4. AS RESULT OF MEETING, TEMPLE WILL SUBMIT BRIEF LETTER NEXT WEEK TO MINISTER AFFIRMING LANG REMAINED BOUND BY MAY 4 CONTRACT BUT ASKING FOR RELIEF/REVISION OF PARAS GOVERNING:

A. CONVERTIBILITY ISSUE, B. PRICES,

C. EXTENSION OF CONSTRUCTION PERIOD. MINISTER WILL ANSWER POSITIVELY AND COMPANY REPS WILL THEN ARRIVE TO NEGOTIATE CONTRACT AMENDMENTS TO BE FINALIZED NOT LATER THAN END DECEMBER.

5. DIRECTOR INDUSTRIALIZATION URGED TEMPLE SEND REP SOONEST TO COMPLETE NEGOTIATIONS FOR MANAGEMENT CONTRACT, IMPLYING THIS IN BAG FOR LANG. TEMPLE PROMISED DO SO.

6. AT CONCLUSION MEETING TEMPLE SAID HE WISHED MAKE CLEAR TO GIRM THAT HE DID NOT CONSIDER AMBASSADOR'S PRESENCE IMPLIED US WAS SPONSORING SUBSTANCE OF THESE NEGOTIATIONS. HE HAD APPRECIATED EMBASSY ASSISTANCE BUT RECOGNIZEDSLIMIT TO USG INVOLVEMENT. SAID HE CONSIDERED AMBASSADOR WAS THERE AS FRIEND, NOT OFFICIAL. MINISTER REPLIED GIRM RECOGNIZED THIS DISTINCTION. (AMBASSADOR UNCLASSIFIED

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HAD PRIOR TO MEEZING TOLD MINISTER HE THOUGHT HIS PRESENCE WOULD BE INAPPROPRIATE). SAID HE HAD ASKED AMBASSADOR ATTEND BECAUSE HE KNEW OF HIS EFFORTS TO PROMOTE TIES BETWEEN THE TWO COUNTRIES. MINISTER THEN ADDED SMILINGLY, "AS BUSINESSMEN, MR. TEMPLE, WE BOTH KNOW HOW TO EXPLOIT OUR FRIENDSHIPS". AT NO POINT IN MEEZING DID EITHER PARTY REQUEST AMBASSADOR'S VIEWS ON SPECIFICS THEIR NEGOTIATING POSITIONS. AT CONCLUSION AMBASSADOR STATED HE

FELT MEETING HAD HELPED CLARIFY NUMBER OF MISUNDERSTANDINGS AND
HESWAS ALWAYS READY TO HELP THAT PROCESS.

7. COMMENT. MINISTER CLEARLY INTENDS REZAIN CONTINUED USG
AZTENTION TO THIS CONTRACT, WHICH IS SO MAJOR AN UNDERTAKING
FOR MAURITANIA. SESSION WITH TEMPLE HAS RELIEVED SOME, NOT ALL,
OF HIS ANXIETIES AND HAS AT LEAST PERMITTED HIM TO REASSURE
PRESIDENT THAT PROJECT REMAINS ON TRACKS.MURPHY
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 20 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE228769
Document Source: CORE
Document Unique ID: 00
Drafter: AF/W:JKBISHIP
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731122/aaaaapwg.tel
Line Count: 125
Locator: TEXT ON-LINE
Office: ORIGIN AF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: NOUAKCHOTT 1058
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 25 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25-Jan-2002 by chappeld>; APPROVED <18 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LANG ENGINEERING - SUGAR REFINERY, MAURITANIA.
TAGS: BGEN, BPRO, MR
To: LOME
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005